

## EXTENSIONS OF REMARKS

“POSTAL SERVICE HAS ITS EYE  
ON YOU”

**HON. RON PAUL**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 2001

Mr. PAUL. Mr. Speaker, I am pleased to take this opportunity to draw my colleagues' attention to the attached article "Postal Service Has Its Eye On You" by John Berlau of Insight magazine, which outlines the latest example of government spying on innocent citizens. Mr. Berlau deals with the Post Office's "Under the Eagle's Eye" program which the Post Office implemented to fulfill the requirements of the Nixon-era Bank Secrecy Act. Under this program, postal employees must report purchases of money orders of over \$3,000 to federal law enforcement officials. The program also requires postal clerks to report any "suspicious behavior" by someone purchasing a money order. Mr. Speaker, the guidelines for reporting "suspicious behavior" are so broad that anyone whose actions appear to a postal employee to be the slightest bit out of the ordinary could become the subject of a "suspicious activity report," and a federal investigation!

As postal officials admitted to Mr. Berlau, the Post Office is training its employees to assume those purchasing large money orders are criminals. In fact, the training manual for this program explicitly states that "it is better to report many legitimate transactions that seem suspicious than let one illegal one slip through." This policy turns the presumption of innocence, which has been recognized as one of the bulwarks of liberty since medieval times, on its head. Allowing any federal employee to assume the possibility of a crime based on nothing more than a subjective judgment of "suspicious behavior" represents a serious erosion of our constitutional rights to liberty, privacy, and due process.

I am sure I do not need to remind my colleagues of the public's fierce opposition to the "Know Your Customer" proposal, or the continuing public outrage over the Post Office's proposal to increase monitoring of Americans who choose to receive their mail at a Commercial Mail Receiving Agency (CMRA). I have little doubt that Americans will react with the same anger when they discover that the Post Office is filing reports on them simply because they appeared "suspicious" to a postal clerk.

This is why I will soon be introducing legislation to curb the Post Office's regulatory authority over individual Americans and small business (including those who compete with the Post Office) as well as legislation to repeal the statutory authority to implement these "Know Your Customer" type policies. I urge my colleagues to read Mr. Berlau's article and join me in protecting the privacy and liberty of Americans by ensuring law-abiding Americans may live their lives free from the prying "Eagle Eye" of the Federal Government.

POSTAL SERVICE HAS ITS EYE ON YOU  
(By John Berlau)

Since 1997, the U.S. Postal Service has been conducting a customer-surveillance program, "Under the Eagle's Eye," and reporting innocent activity to federal law enforcement.

Remember "Know Your Customer"? Two years ago the federal government tried to require banks to profile every customer's "normal and expected transactions" and report the slightest deviation to the feds as a "suspicious activity." The Federal Deposit Insurance Corp. withdrew the requirement in March 1999 after receiving 300,000 opposing comments and massive bipartisan opposition.

But while your bank teller may not have been snooping and snitching on your every financial move, your local post office has been (and is) watching you closely, Insight has learned. That is, if you have bought money orders, made wire transfers or sought cash cards from a postal clerk. Since 1997, in fact, the window clerk may very well have reported you to the government as a "suspicious" customer. It doesn't matter that you are not a drug dealer, terrorist or other type of criminal or that the transaction itself was perfectly legal. The guiding principle of the new postal program to combat money laundering, according to a U.S. Postal Service training video obtained by Insight, is: "It's better to report 10 legal transactions than to let one illegal ID transaction get by."

Many privacy advocates see similarities in the post office's customer-surveillance program, called "Under the Eagle's Eye," to the "Know Your Customer" rules. In fact, in a postal-service training manual also obtained by Insight, postal clerks are admonished to "know your customers."

Both the manual and the training video give a broad definition of "suspicious" in instructing clerks when to fill out a "suspicious activity report" after a customer has made a purchase. "The rule of thumb is if it seems suspicious to you, then it is suspicious," says the manual. "As we said before, and will say again, it is better to report many legitimate transactions that seem suspicious than let one illegal one slip through."

It is statements such as these that raise the ire of leading privacy advocates on both the left and right, most of whom didn't know about the program until asked by Insight to comment. For example, Rep. RON PAUL, R-Texas, who led the charge on Capitol Hill against the "Know Your Customer" rules, expressed both surprise and concern about "Under the Eagle's Eye." He says the video's instructions to report transactions as suspicious are "the reverse of what the theory used to be: We were supposed to let guilty people go by if we were doing harm to innocent people" when the methods of trying to apprehend criminals violated the rights of ordinary citizens. PAUL says he may introduce legislation to stop "Under the Eagle's Eye."

The same sort of response came from another prominent critic of "Know Your Customer," this time on the left, who was appalled by details of the training video. "The postal service is training its employees to invade their customers' privacy," Greg Nojeim, associate director of the American

Civil Liberties Union Washington National Office, tells Insight. "This training will result in the reporting to the government of tens of thousands of innocent transactions that are none of the government's business. I had thought the postal-service's eagle stood for freedom. Now I know it stands for, 'We're watching you!'"

But postal officials who run "Under the Eagle's Eye" say that flagging customers who do not follow "normal" patterns is essential if law enforcement is to catch criminals laundering money from illegal transactions. "The postal service has a responsibility to know what their legitimate customers are doing with their instruments," Al Gillum, a former postal inspector who now is acting program manager, tells Insight. "If people are buying instruments outside of a norm that the entity itself has to establish, then that's where you start with suspicious analysis, suspicious reporting. It literally is based on knowing what our legitimate customers do, what activities they're involved in."

Gillum's boss, Henry Gibson, the postal-service's Bank Secrecy Act compliance officer, says the anti-money-laundering program started in 1997 already has helped catch some criminals. "We've received acknowledgment from our chief postal inspector that information from our system was very helpful in the actual catching of some potential bad guys," Gibson says.

Gillum and Gibson are proud that the postal service received a letter of commendation from then-attorney general Janet Reno in 2000 for this program. The database system the postal service developed with Information Builders, an information-technology consulting firm, received an award from Government Computer News in 2000 and was a finalist in the government/nonprofit category for the 2001 Computerworld Honors Program. An Information Builders press release touts the system as "a standard for Bank Secrecy Act compliance and anti-money-laundering controls."

Gibson and Gillum say the program resulted from new regulations created by the Clinton-era Treasury Department in 1997 to apply provisions of the Bank Secrecy Act to "money service businesses" that sell financial instruments such as stored-value cash cards, money orders and wire transfers, as well as banks. Surprisingly, the postal service sells about one-third of all U.S. money orders, more than \$27 billion last year. It also sells stored-value cards and some types of wire transfers. Although the regulations were not to take effect until 2002, Gillum says the postal service wanted to be "proactive" and "visionary."

Postal spokesmen emphasize strongly that programs take time to put in place and they are doing only what the law demands.

It also was the Bank Secrecy Act that opened the door for the "Know Your Customer" rules on banks, to which congressional leaders objected as a threat to privacy. Lawrence Lindsey, now head of the Bush administration's National Economic Council, frequently has pointed out that more than 100,000 reports are collected on innocent bank customers for every one conviction of money laundering. "That ratio of 99,999-to-1 is something we normally would not tolerate as a reasonable balance between privacy and the collection of guilty verdicts," Lindsey wrote in a chapter of the

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